

Message Text

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PAGE 01 KABUL 05772 111156Z

44

ACTION OPIC-12

INFO OCT-01 NEA-14 ISO-00 EB-11 COME-00 AID-20 OMB-01

TRSE-00 /059 W

----- 101849

R 110815Z SEP 74

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 9516

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DEPT PASS OPIC (FOR COUNTS, NIELSON, WISS)

E.O. 11652: N/A

TAGS: EFIN, AF

SUBJECT: OPIC REP TDY; MISCELLANEOUS OPIC BUSINESS; YAQUB
LEATHER INDUSTRIES, INC (YLI)

A. 1. BEING UNCLASSIFIED. ASSUME YOU RECEIVED SEPT 4TELEX
FROM MKK UPON OPIC REP DEPARTURE FROM JAKARTA. IF NOT, ASK
MKKNQKMOGGAN) TO REPEAT.

2. SINCE NO CABLE RESPONDING TO TELEX RECEIVED FROM OPIC
WASH, OPIC REP ASSUMES NEW JAKARTA VISIT NOT RPT NOT NOW
REQUIRED AND WILL LEAVE KABUL SEPT 11 AS SCHEDULED.

B. 1. OPIC REP WITH EMBOFF HAD TWO USEFUL MEETINGS WITH
YUNUSIEAFIQ, PRESIDENT, DEPT FOR ENCOURAGEMENT AND DEVELOPMENT
OF PRIVATE INVESTMENT, MIN/MINES AND INDUSTRIES, WHO ANXIOUS
PROMOTE NEW INVESTMENT.

2. FOR SEDLAR AND JORDAN RE ANNUAL REPORT:

(A) POUCHING TO YOU PHOTOS OF YLI AND FISCHBACH-OMAN
PROJECTS. MATHUR WILL AIRMAIL ADDITIONAL YLI PHOTOS FROM
TEHRAN.

(B) YUNUS RAFIQ REPORTS APPROVAL EXPECTED SOON
FOR AGHAN GOVERNMENT STATEMENT FOR OPIC REPORT; EMBASSY
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PAGE 02 KABUL 05772 111156Z

WILL CABLE TEXOAWHEN RECEIVED.

(C) PLEASE CABLE PUBLICATION DATE AND SPACE
AVAILABLE FOR AFGHAN MATERIAL.

3. MODIFICATION BILATERAL AS REQUESTED BY BUTTON DIS-
CUSSED AMONG EMBOFFS AND OPIC REP. COMPLETE REDRAFT AS PER
YEMEN TEXT BELIEVED APPROPRIATE AFTER OPIC DECISION MADE
WHETHER DESIRABLE TO INCLUDE LANGUAGE ACCOMMODATING POSSIBLE
PRIVATE DIRECT INSURANCE OR REINSURANCE ROLE. PLEASE ADVISE.

4. ACCORDING TO TARAKI, NEW FDPIL EXEMPTS OPIC FROM
ALL STAMP, PROPERTY AND INCOME TAX ON LAOAN. TAX AND OTHER
MORTGAGE COST ARE ASSESSED AGAINST BORROWER. THEREFORE,
OPIC REP BELIEVES NOT RPT NOT NECESSARY TO REQUEST SPECIAL
TAX EXEMPTIONS NEOW. END UNCLASSIFIED

.. MATHER REPORTS GENLEATHER/GENESCO ARE PURCHASING
PICKLED SKINS FROM AFGHAN PRODUCERS OTHER THAN RPT OTHER THAN
YLI TO "SUPPORT INDUSTRY STRUCTURE," SAYING THIS WILL NOT RPT
NOT PREJUDICE YLI. OPIC REP BELIEVES PERHAPS POTENTIAL CONFLICT
OF INTEREST AND BREACH OF SECT 2 OF EXCLUSIVE SALES, ETC.,
AGREEMENT EXISTS, GIVEN I.A., INDEFINITE/FLEXIBLE YLI PRODUC-
TION ABILITY NOW AND IN FUTURE. PLEASE INVESTIGATE. END
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2. BEGIN UNCLASSIFIED. RECEIVED AND POUCHING BAL. SHEETS/
INCOME STATEMENTS EACH RPT EACH DATED SEPT 4, 1974, FROM OUTSIDE
CHARTERED ACCOUNTANTS FOR YLI FOR YEARS ENDING 29 HOOT
1950, 29 HOOT 1351 AND 29 HOOT 1352, AND FOR NEXT CONSECU-
TIVE 3 MONTHS MAR 21-JUN 21, 1974. RATHER COMPLETE NOTES
GIVE BEST VIEW TO DATE WHILE INDICATING MANY ACCOUNTING/
CONTROL DEFECTS. MATHUR WILL AIRMAIL COPIES TO GENESCO/
GENLEATHER FROM TEHRAN; PLEASE CONTACT HIS OFFICE FOR FIRST
COPIES IN U.S.

3. UNFORTUNATELY, FAZILI HAS BEEN AWAY FROM KABUL.

4. STATUS OF C/P;S OF OPIC LOAN AGREEMENT FOLLOWS:
PLEASE REFER TO OPIC STATUS REPORT TABLE DATED AUG 12, 1974
("SRT"):
NEED CERTIFIED TRUE COPIES OF ALL DOCUMENTS EXCEPT OPIC
LOAN AGREEMENT AND PCA. SO FAR ONLY HAVE THIS FOR J/V AND
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PAGE 03 KABUL 05772 111156Z

SALES AGREEMENTS. ASK RUFUS CRAIG TO PREPARE AND/OR
ADVISE YLI TO PREPARE CERTIFICATES ATTACHING COPIES OF ALL
DOCUMENTS FOR THIS
COMMITMENT LETTER AND LOAN AGREEMENT - SAME AS SRT.
2.4 AND 3.3 - SAME AS SRT.
4.1 - FINANCIALS REFERRED TO AT C.2 ABOVE, INDICATE
EQUITY INVESTMENT MADE EXCEPT FOR IDBA, BUT VERIFICATION WEAK.
YLI SHOULD DELIVER TO TARAKI BANK DEPOSIT RECORDS FOR CASH

INVESTMENTS AND COST RECORDS FOR BUILDINGS, WALLS AND MACHINERY INVESTED BY YABUBS; TARAKI ALREADY HAS COPIES OF LAND DEEDS RECITING VALUE.

4.2 - OPIC REP WILL DRAFT FOR YABUB GROUP EXECUTION WHICH TARAKI WILL SUPERVISE. MOHD. AFZAL HAS SOLD HIS SHARES TO ONE YABUB. FOREIGN OWNERSHIP PERCENTAGE QUESTION STILL NOT RPT NOT RESOLVED WITH GOA. YLI SHOULD PURSUE.

4.3 - TARAKI ADVISES HE HAS ALL NECESSARY GOVERNMENT APPROVALS. HOWEVER, SPEED TO MANUFACTURE "FINISHED" LEATHER IS STILL OUTSTANDING ISSUE. MATHUR REPORTED THIS WOULD TAKE ABOUT 5 YEARS TO DISAPPOINTED YUNUS RAFIQ, WHO APPARENTLY FEELS INVESTMENT APPLICATION AND APPROVALS REQUIRE THIS TO BEGIN IN ONE YEAR. RAFIQ MUST GET NEW INVESTMENT COMMITTEE APPROVAL OF THIS; ALTHOUGH THIS NOT CERTAIN, CONSENSUS HERE IS THAT APPROVAL WILL BE GIVEN.

4.4 - SEE C.2 ABOVE. QUERY WHETHER SATISFACTORY.

4.5 (A) - COPY OF AMENDED ARTICLES OF INCORPORATION DATED JUNE 25, 1974 DELIVERED/POUCHED.

4.5 (B) - STILL OUTSTANDING AND REQUIRED ACCORDING TO TARAKI; RESOLUTIONS OF APR 1, 1974 MEETING WERE DELIVERED, BUT REFER ONLY TO COMMITMENT LETTER OF MAR 19, 1974. YLI SHOULD DELIVER RESOLUTIONS TO TARAKI RATIFYING PRIOR EXECUTION OF OPIC LOAN AGREEMENT AND PCA AND AUTHORIZING CERTAIN OFFICERS TO EXECUTE AND PERFORM ALL OTHER DOCUMENTS AND PROJECT ACTIVITIES.

4.5 (C) - SAME AS SRT.

4.6 - TARAKI HAS COPIES OF LAND DEEDS. YLI SHOULD DELIVER TO HIM DOCUMENTS ESTABLISHING YLI OWNERSHIP OF BUILDINGS, WALLS AND MACHINERY (FIXTURES).

4.7 - CANNOT PERFORM NORMAL REVIEW AND APPROVAL OF CONSTRUCTION, ENGINEERING AND PROCUREMENT DOCUMENTS SINCE VERY FEW EXISTS, ALTHOUGH SHER AHMAD Yaqub ADVISES THERE ARE SOME EQUIPMENT AND PLANT LAY-OUT DOCUMENTS. HAVE SPOKEN TO REILLY AND USAID ENGINEERS WHO SAYS GEORGE THOMAS, CD/Z, USAID, KABUL, CAN LIMITED OFFICIAL USE

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PAGE 04 KABUL 05772 111156Z

INSPECT TO GET WRITTEN APPROVAL OF NOW ALMOST FINISHED WORK AND FACILITIES. REILLY WOULD LIKE WENDEL ANDERSON TO CONTACT HIM WITH SUCH REQUEST; PLEASE ASK ANDERSON TO DO SO WITH USUAL SCENARIO.

4.8 - TARAKI WILL SUPERVISE YLI ACQUISITION FROM COURT OF "ZAMANITH" DOCUMENTS SECURING OPIC'S LOAN BY ALL PRESENT AND FUTURE PROPERTY OF YLI INCLUDING LAND, BUILDINGS, MACHINERY, RAW MATERIALS, INVENTORIES AND ACCOUNTS RECEIVABLE MAY BE DEALT WITH IN THE ORDINARY 1974 3 9* 77 8,3 .

4.9 - TARAKI HAS COPIES OF FIRE AND THEFT INSURANCE POLICIES ONLY, WHICH HE ADVISES ARE STANDARD. YLI SHOULD DELIVER TO TARAKI LOSS PAYABLE ENDORSEMENTS IN OPIC'S FAVOR AND INS. CO. STATEMENT THAT SUCH FIRE AND THEFT IS ONLY INSURANCE COVERAGE REFERRED TO IN 4.9 WHICH IS AVAILABLE IN AFGHANISTAN.

4.10 - SAME AS SRT.

4.11 - SAME AS SRT. DESPITE REPEATED STATEMENTS TO GENESCO OF OPIC REQUIREMENT THAT YLI SALES TO GENLEATHER (BUT NOT NECZSSARILY TO OTHERS) BE FOB KABUL (WITH TITLE AND RISK OF LOSS PASSING THERE), SHER AHMED YAQUB ADVISED OPIC REP (WHICH WAS CONFIRMZD BY MATHUR) THAT SALES ARE BEING MADE CIF NEW YORK. PLEASE INVZSTIGATE, AND COMPUTE SALES PRICE REDUCTION WHEN SALES AGREEMENT IS AMZNDZD TO PROVIDE THAT GENLEATHZR PAYS INSURANCE AND FREIGHT.

4.12 - SAME AS SRT.

4.13 - SAME AS SRT.

4.14 - OPIC REP HAS DISCUSSED AND LEFT WITH TARAKI FORMS OF LEGAL OPINIONS TO BE ISSUED TO OPIC BY TARAKI AND FAZILI (WHO CAN ISSUE DIRECT OPINION ACCORDING TO TARAKI). TARAKI ADVISES THAT YLI SHOULD ASK YUNUS RAFIQ TO WRITE THE TAQNEEN OFFICE OF MINISTRY OF JUSTICE TO GIVE LEGAL OPINION TO RAFIQ IN FORM OPIC REP AND TARAKI WILL DRAFT. OPINION OF GENESCO AND GENLEATHER COUNSEL IS STILL OUTSTANDING.

5.5. (A) - (D) - SAMZ AS SRT.

5. POUCHING VWRIIOUS DOCUMENTS DELIVERED HERE

6. PLEASE PASS COPIES OF UNCLASSIFIED PORTION PARA C. TO CRAIG AND MWTHUS IN US; COPY WILL BE GIVZN TO TARAKI. END UNCLASIFIED
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENT, INVESTMENT GUARANTEES, LOAN AGREEMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KABUL05772
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740253-0198
From: KABUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740956/aaaabvqk.tel
Line Count: 192
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUL 2002 by kelleyw0>; APPROVED <12 MAR 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC REP TDY; MISCELLANEOUS OPIC BUSINESS; YAQUB LEATHER INDUSTRIES, INC (YLI)
TAGS: EFIN, AF, OPIC, YAQUB LEATHER INDUSTRIES
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005